

**Tri-Township Ambulance Service
Montmorency County, Michigan
Financial Report
With Supplemental Information
December 31, 2007**

Tri-Township Ambulance Service

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Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

INDEPENDENT AUDITOR'S REPORT

Board of Directors
[Tri-Township Ambulance Service](#)
Atlanta, Michigan 49709

We have audited the accompanying financial statements of the governmental activities and the major fund of the Tri-Township Ambulance Service as of and for the year ended December 31, 2007, which collectively comprise the Tri-Township Ambulance Service's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tri-Township Ambulance Service's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Tri-Township Ambulance Service as of December 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2 through page 6 and page 16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Tri-Township Ambulance Service's basic financial statements. The items identified as other supplemental information in the table of contents are not a required part of the basic financial statements of Tri-Township Ambulance Service. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPA's P.C.
Certified Public Accountants
September 4, 2008

Management's Discussion and Analysis

As management of the Tri-Twp Ambulance Service (the "Ambulance Service"), we offer readers of the Ambulance Service's financial statements this narrative overview and analysis of the financial activities of the Ambulance Service for the year ended December 31, 2007.

Financial Highlights

- The assets of the Ambulance Service exceeded its liabilities at the close of the most recent fiscal year by \$1,773,403 (*net assets*). Of this amount, \$1,158,385 (*unrestricted net assets*) may be used to meet the Ambulance Service's ongoing obligations.
- The Ambulance Service's total net assets increased by \$888,058.
- As of the close of the current fiscal year, the Ambulance Service's general fund, the only governmental fund, reported an ending fund balance of \$1,158,385, an increase of \$606,886 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,158,385 or 91% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Ambulance Service's basic financial statements. The Ambulance Service's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Ambulance Service's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Ambulance Service's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Ambulance Service is improving or deteriorating.

The *statement of activities* presents information showing how the Ambulance Service's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Ambulance Service that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Ambulance Service consist of health and welfare (ambulance services). The Ambulance Service does not have any business-type activities as of and for the year ended December 31, 2007.

The Government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Ambulance Service, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Ambulance Service consist of one category: governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Ambulance Service's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Ambulance Service maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Ambulance Service adopts an annual appropriated budget for its general fund. Budgetary comparison statements or schedules have been provided for the General Fund herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Ambulance Service, assets exceeded its liabilities by \$1,773,403 at the close of the most recent fiscal year.

A portion of the Ambulance Service's net assets (35%) reflects its investment in capital assets (e.g., land, land improvements, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The Ambulance Service uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Ambulance Service's Net Assets

Governmental Activities

	December 31, 2007	December 31, 2006
Assets		
Current and Other Assets	\$ 1,158,385	\$ 551,499
Capital Assets, Net	615,018	333,846
Total Assets	<u>1,773,403</u>	<u>885,345</u>
Liabilities		
Current Liabilities	-	-
Noncurrent Liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Invested in Capital Assets	615,018	333,846
Unrestricted	<u>1,158,385</u>	<u>551,499</u>
Total Net Assets	<u>\$ 1,773,403</u>	<u>\$ 885,345</u>

The Ambulance Service's net assets increased by \$888,058 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$606,886 or 110%, during fiscal year 2007.

Ambulance Service's Changes in Net Assets

Governmental Activities

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Revenue		
Program Revenue		
Charges for Services	\$ 1,691,611	\$ 924,821
Operating Grants and Contributions	-	-
Capital Grants and Contributions	-	-
General Revenue:		
Intergovernmental	141,763	130,155
Interest Earnings	28,181	7,437
Other	<u>21,002</u>	<u>53,658</u>
Total Revenue	1,882,557	1,116,071
Expenses		
Health and Welfare	<u>994,499</u>	<u>661,829</u>
Total Expenses	<u>994,499</u>	<u>661,829</u>
Increase (Decrease) in Net Assets	888,058	454,242
Net Assets, Beginning of Year	<u>885,345</u>	<u>431,103</u>
Net Assets, End of Year	\$ <u><u>1,773,403</u></u>	\$ <u><u>885,345</u></u>

Governmental activities. The Ambulance Service's total governmental revenues increased by \$766,486 from last fiscal year. This was primarily attributed to an increase in charges for services. Expenses increased by \$332,670. The increase was primarily due to increased ambulance run related costs. (fuel, payroll, payroll taxes, etc)

Financial Analysis of the Government's Funds

As noted earlier, the Ambulance Service uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Ambulance Service's governmental fund reported an ending fund balance of \$1,158,385, an increase of \$606,886 in comparison with the prior year. The *unreserved fund balance*, which is available for spending at the Ambulance Service's discretion, constitutes 100% of this total amount.

The only governmental fund is the General Fund of the Ambulance Service. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance represent 91% and 91%, respectively, of total general fund expenditures.

General Fund Budgetary Highlights

The Ambulance Service's budgets are prepared in accordance with Michigan Law. The only budgeted fund is the General Fund. The General Fund budget was amended in a legally permissible manner during the year.

Capital Asset and Debt Administration

Capital assets. The Ambulance Service's investment in capital assets for its governmental activities as of December 31, 2007, amounted to \$615,018 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, equipment and vehicles. Additions totaled \$319,306 for the year and included a new ambulance and building addition.

Ambulance Service's Capital Assets (net of depreciation)

	December 31, 2007	December 31, 2006
Land	\$ 5,000	\$ 5,000
Land Improvements	7,232	7,659
Buildings	257,169	89,969
Equipment	97,352	66,144
Vehicles	248,265	165,074
Total	\$ 615,018	\$ 333,846

Additional information on the Ambulance Service's capital assets can be found in note 4 on page 15 of this report.

Factors Bearing on the Ambulance Service's Future

The following factors were considered in preparing the Ambulance Service's budget for the year ending December 31, 2008:

- The 2008 revenue budget anticipates no increase in charges for services and a decrease in interest earnings. The expenditure budget reflects a decrease in operating expenses primarily in capital outlay as the majority of the building addition was completed in the prior year. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Ambulance Service's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tri-Twp Ambulance Service
P.O. Box 275
Atlanta, MI 49709

Basic Financial Statements

Tri-Township Ambulance Service
Statement of Net Assets
December 31, 2007

	Governmental Activities
Assets	
Cash and cash equivalents (Note 3)	\$ 665,662
Accounts receivable	492,723
Capital assets-net (Note 4)	<u>615,018</u>
 Total assets	 <u>1,773,403</u>
 Liabilities	
Current Liabilities	
Accounts payable	<u>-</u>
Total current liabilities	<u>-</u>
 Net Assets	
Invested in capital assets	615,018
Unrestricted	<u>1,158,385</u>
 Total net assets	 \$ <u><u>1,773,403</u></u>

See accompanying notes

Tri-Township Ambulance Service
Statement of Activities
Year Ended December 31, 2007

Functions/Programs	Program Revenues				Governmental Activities
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities					
Public safety	\$ 994,499	\$ 1,691,611	\$ -	\$ -	\$ 697,112
Total governmental activities	<u>\$ 994,499</u>	<u>\$ 1,691,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>697,112</u>
General Revenues:					
Intergovernmental					141,763
Interest earnings					28,181
Other					<u>21,002</u>
Total general revenues					<u>190,946</u>
Change in Net Assets					888,058
Net assets - beginning of year					<u>885,345</u>
Net assets - end of year					<u>\$ 1,773,403</u>
Amounts reported for governmental activities are different because:					
Net Change in Fund Balances - Total Governmental Funds					\$ 606,886
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.					
	Depreciation expense		\$ (38,134)		
	Capital Outlay		<u>319,306</u>		
					<u>281,172</u>
Change in Net Assets of Governmental Activities					<u>\$ 888,058</u>

See accompanying notes

Tri-Township Ambulance Service
Governmental Funds
Balance Sheet
December 31, 2007

	General Fund
Assets	
Cash and investments	\$ 665,662
Accounts receivable	<u>492,723</u>
Total assets	<u>\$ 1,158,385</u>
Liabilities	
Accounts payable	\$ <u>-</u>
Total liabilities	<u>-</u>
Fund balances	
Unreserved:	
General Fund	<u>1,158,385</u>
Total fund balances	<u>1,158,385</u>
Total liabilities and fund balances	<u>\$ 1,158,385</u>
 Fund Balances - Total Governmental Funds	 \$ 1,158,385
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	\$ 853,710
Accumulated depreciation is	<u>(238,692)</u>
	615,018
Net Assets of Governmental Activities	<u>\$ 1,773,403</u>

See accompanying notes

Tri-Township Ambulance Service
Governmental Funds
Statement of Revenues and Other Financing Sources,
Expenditures and Changes in Fund Balances
Year Ended December 31, 2007

	<u>General Fund</u>
Revenues	
Intergovernmental	\$ 141,763
Charges for services	1,691,611
Interest earnings	28,181
Donations	3,247
Other	<u>17,755</u>
Total revenues	<u>1,882,557</u>
Expenditures	
Current:	
Health and welfare	956,364
Capital outlay	<u>319,307</u>
Total expenditures	<u>1,275,671</u>
Excess of revenues over (under) expenditures	606,886
Fund balances - Beginning of year	<u>551,499</u>
Fund balances - End of year	<u><u>\$ 1,158,385</u></u>

See accompanying notes

Tri-Township Ambulance Service
Notes to Financial Statements
December 31, 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Tri-Township Ambulance Service ("the Ambulance Service") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Ambulance Service:

Reporting Entity

The Tri-Township Ambulance Service is a joint area organization that provides ambulance services. The Board serves three governmental units - Avery Township, Briley Township, and Loud Township.

The Ambulance Service Board consists of six members, one elected official from each Township Board and one resident from each Township.

The pro-rata share of financing costs as provided by the by the interlocal agreement is based on the taxable valuation (per the Montmorency County Equalization Department) of each township.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Fire Department's reporting entity, and which organizations are legally separate, component units of the Fire Department. Based on the application criteria, the Ambulance Service does not contain any component units.

Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Fire Board. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Ambulance Service's government-wide activities are considered governmental activities. The Ambulance Service does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Ambulance Service considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Annual contributions from member units and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Ambulance Service.

The Ambulance Service reports the following major governmental fund:

The General Fund is the Ambulance Service's primary operating fund. It accounts for all financial resources of the Ambulance Service, except those required to be accounted for in another fund.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. General revenue includes interest earnings and other revenues.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - All trade receivables are shown net of an allowance for uncollectible amounts, if any.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Ambulance Service as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Tri-Township Ambulance Service
Notes to Financial Statements
December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, machinery and equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Land improvements	20 years
Machinery and equipment	5 -15 years
Vehicles	5 -15 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no Ambulance Service employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Ambulance Service has not designated any fund equity as of December 31, 2007.

Comparative Data/Reclassifications - Comparative data is not included in the Ambulance's financial statements.

Note 2 - Stewardship, Compliance and Accountability

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state laws for the general fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function/ The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the line item level. State law requires the Ambulance Service to adopt its budget by January 1. The budget was also reviewed by the township units of government as required by the joint operating agreement. State law permits the Ambulance Service to amend its budget during the year. During the year, the budget was amended in a legally permissible manner.

The Ambulance Service incurred expenditures in excess of appropriations during the year ended December 31, 2007 as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Health and Welfare			
Administration-Overpayments/refunds	\$ 7,000	\$ 10,015	\$ 3,015
Attendants-Workmen's compensation	32,000	33,216	1,216
Attendants-Wages	425,000	449,937	24,937
Attendants-Payroll taxes	44,923	45,919	996
Attendants-Wages	6,000	8,647	2,647
Attendants-Meals on wheels	2,000	2,859	859
Station-Equipment small items	-	6,707	6,707
Vehicles-Fuel	65,000	79,717	14,717
Vehicles-Maintenance	35,000	43,729	8,729
Capital Outlay-Vehicle	100,000	109,819	9,819

Tri-Township Ambulance Service
Notes to Financial Statements
December 31, 2007

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Ambulance Service to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Fire Department is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Ambulance Service has designated one financial institution for the deposit of Ambulance Service funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investments in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Tri-Township Ambulance Service's deposits and investment policy are in accordance with statutory authority.

At year end, the Tri-Township Ambulance Service's deposits and investments were reported in the basic financial statements in the following categories:

	Carrying Amounts
Cash and cash equivalents	\$ 637,744
Investments - certificates of deposit	27,918
Total	<u>\$ 665,662</u>

The breakdown between deposits and investments for the Ambulance is as follows:

Deposits (Checking and savings accounts)	\$ 4,422
Certificates of deposit (maturity < 90 days)	633,322
Certificates of deposit (maturity > 90 days)	27,918
Total	<u>\$ 665,662</u>

The deposits of the Ambulance Service were reflected in the accounts of one financial institution, of which \$104,422 is covered by federal depository insurance.

Tri-Township Ambulance Service
Notes to Financial Statements
December 31, 2007

Note 4 - Capital Assets

Capital assets activity of the Ambulance Service's Governmental activities were as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated:				
Land improvements	8,550	-	-	8,550
Buildings	95,797	169,966	-	265,763
Equipment	92,506	39,521	-	132,027
Vehicles	332,551	109,819	-	442,370
Subtotal	<u>529,404</u>	<u>319,306</u>	<u>-</u>	<u>848,710</u>
Accumulated Depreciation				
Land improvements	891	427	-	1,318
Buildings	5,828	2,766	-	8,594
Equipment	26,362	8,313	-	34,675
Vehicles	167,477	26,628	-	194,105
Subtotal	<u>200,558</u>	<u>38,134</u>	<u>-</u>	<u>238,692</u>
Net capital assets being depreciated	<u>328,846</u>	<u>281,172</u>	<u>-</u>	<u>610,018</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 333,846</u>	<u>\$ 281,172</u>	<u>\$ -</u>	<u>\$ 615,018</u>

Depreciation expense was charged to programs of the Ambulance Service as follows:

Governmental activities:	
Health and welfare	\$ <u>38,134</u>
Total governmental activities	\$ <u><u>38,134</u></u>

Note 5 - Risk Management

The Tri-Township Ambulance Service is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Required Supplemental Information

Tri-Township Ambulance Service
 Budgetary Comparison Schedule - General Fund
 Year Ended December 31, 2007

	Budgeted Amounts			Variance with
	Original Budget	Amended Budget	Actual	Amended Budget
Fund Balance - Beginning of year	\$ 333,285	\$ 333,285	\$ 551,499	\$ 218,214
Resources (Inflows)				
Intergovernmental	136,310	138,963	141,763	2,800
Charges for services	602,000	1,102,670	1,691,611	588,941
Interest earnings	5,000	25,000	28,181	3,181
Donations	2,000	2,067	3,247	1,180
Other	10,000	15,000	17,755	2,755
Amounts available for appropriation	<u>1,088,595</u>	<u>1,616,985</u>	<u>2,434,056</u>	<u>817,071</u>
Charges to Appropriations (Outflows)				
Current				
Health and welfare				
Administration	67,237	83,737	83,296	(441)
Attendants	529,286	693,983	684,734	(9,249)
Station	58,000	59,000	50,869	(8,131)
Vehicles	<u>77,300</u>	<u>117,400</u>	<u>137,465</u>	<u>20,065</u>
Total	<u>731,823</u>	<u>954,120</u>	<u>956,364</u>	<u>2,244</u>
Capital Outlay	<u>155,000</u>	<u>355,000</u>	<u>319,307</u>	<u>(35,693)</u>
Total charges to appropriations	<u>886,823</u>	<u>1,309,120</u>	<u>1,275,671</u>	<u>(31,205)</u>
Fund Balance - end of year	<u>\$ 201,772</u>	<u>\$ 307,865</u>	<u>\$ 1,158,385</u>	<u>\$ 848,276</u>

Supplemental Information

Tri-Township Ambulance Service
General Fund
Detail of Revenues - Budget and Actual
Year Ended December 31, 2007

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental:			
Avery Township	\$ 24,742	\$ 24,312	\$ (430)
Briley Township	66,076	66,076	-
Loud Township	16,373	19,603	3,230
Vienna Township	31,772	31,772	-
Total Intergovernmental	<u>138,963</u>	<u>141,763</u>	<u>2,800</u>
Charges for services:			
Patient pay	850,000	1,436,724	586,724
Patient pay - ALS intercepts	65,000	68,865	3,865
Oscoda County ALS contract	180,000	180,352	352
Event coverage	5,670	5,670	-
Education services	2,000	-	(2,000)
Total Charges for Services	<u>1,102,670</u>	<u>1,691,611</u>	<u>588,941</u>
Interest earnings	25,000	28,181	3,181
Donations	2,067	3,247	1,180
Health insurance contribution	5,000	6,625	1,625
Other	<u>15,000</u>	<u>11,130</u>	<u>(3,870)</u>
Total Revenues	\$ <u><u>1,288,700</u></u>	\$ <u><u>1,882,557</u></u>	\$ <u><u>593,857</u></u>

Tri-Township Ambulance Service
General Fund
Detail of Expenditures - Budget and Actual
Year Ended December 31, 2007

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Current:			
Health and Welfare:			
Administration:			
Audit	\$ 1,500	\$ 1,400	\$ 100
Postage	1,200	1,070	130
Billing services	25,000	23,178	1,822
Credit card surcharge	1,000	273	727
Overpayments/refunds	7,000	10,015	(3,015)
Award seminar	800	669	131
Wages - Director	13,637	13,637	-
Wages - Administrative assistant	28,600	28,600	-
Miscellaneous	5,000	4,454	546
Total Administration	<u>83,737</u>	<u>83,296</u>	<u>441</u>
Attendants:			
Education - instructors	10,000	-	10,000
Education - expenses	5,000	4,813	187
Education - equipment	10,000	6,200	3,800
Accident insurance	1,760	1,760	-
Workmen's compensation insurance	32,000	33,216	(1,216)
Medical	1,000	-	1,000
License	300	25	275
Wages - attendants	425,000	449,937	(24,937)
Wages - Oscoda medics	120,000	108,080	11,920
Health insurance	35,000	22,738	12,262
Payroll taxes	44,923	45,919	(996)
Uniforms	6,000	8,647	(2,647)
Meals on wheels	2,000	2,859	(859)
Miscellaneous	1,000	540	460
Total Attendants Expense	<u>693,983</u>	<u>684,734</u>	<u>9,249</u>

Tri-Township Ambulance Service
General Fund
Detail of Expenditures - Budget and Actual
Year Ended December 31, 2007

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Current:			
Health and Welfare: (continued)			
Station:			
Equipment - small items	\$ -	\$ 6,707	\$ (6,707)
Insurance - general liability	10,000	7,407	2,593
Intercepts	500	-	500
Oxygen	2,000	1,566	434
Radio contract - mobiles & pagers	10,000	7,873	2,127
Radio - batteries	500	162	338
Radio repair	1,500	587	913
New station expense	12,000	10,439	1,561
Rent - Loud Township	1,500	1,500	-
Rent - Vienna Township	1,500	-	1,500
Station supplies - medical	10,000	7,908	2,092
Station office	3,000	2,893	107
Station telephone	2,000	1,560	440
Cellular phone	4,000	1,885	2,115
Station mileage	500	382	118
Total Station Expense	<u>59,000</u>	<u>50,869</u>	<u>8,131</u>
Vehicles:			
Fuel	65,000	79,717	(14,717)
Insurance	17,000	13,646	3,354
Licenses	400	373	27
Maintenance	35,000	43,729	(8,729)
Total Vehicles	<u>117,400</u>	<u>137,465</u>	<u>(20,065)</u>
Total Health and Welfare	<u>954,120</u>	<u>956,364</u>	<u>(2,244)</u>
Capital Outlay			
Equipment	40,000	39,522	478
Vehicle	100,000	109,819	(9,819)
Land & building	215,000	169,966	45,034
Total Capital Outlay	<u>355,000</u>	<u>319,307</u>	<u>35,693</u>
Total Expenditures	<u>\$ 1,309,120</u>	<u>\$ 1,275,671</u>	<u>\$ 33,449</u>



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

September 4, 2008

Ambulance Service Board
Tri-Twp Ambulance Service
Montmorency County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-Twp Ambulance Service as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Tri-Twp Ambulance Service's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Ambulance Service's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ambulance Service's financial statements that is more than inconsequential will not be prevented or detected by the Ambulance Service's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Lack of adequate controls to produce full-disclosure GAAP basis financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Ambulance Service's management. The preparation of financial

statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

Condition: The Ambulance Service, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Ambulance Service's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

Cause: This condition was caused by the Ambulance Service's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Ambulance Service to perform this task internally.

Effect: The result of this condition is that the Ambulance Service lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of responsible officials: The Ambulance Service has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Ambulance Service to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Lack of segregation of duties in recording activity in the general ledger.

Requirement: Proper internal control over the recording of activity in the general ledger necessitates that more than one person be involved in generating source documents and the recording of activity in the general ledger.

Condition: The Ambulance Service has been utilizing one person to generate source documents and enter the accounting activity into the general ledger software program.

Cause: The Ambulance Service, due to its small size, employs only one person in the accounting office.

Effect: The proper internal control in relation to segregation of duties is not present.

View of responsible officials: The Ambulance Service is aware of the situation, however, an additional person has been employed in 2008 for the accounting office which will allow for some segregation of duties. The finances are monitored closely by the Ambulance Service Board and this oversight adds to the controls.

This communication is intended solely for the information and use of management, the Ambulance Service Board, and others within the Ambulance Service, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPA's, P.C.
Certified Public Accountants
Mio, Michigan